

# Kiosks: Becoming The Bridge Between Online And Brick-And-Mortar Retail

**They can present significant time and cost savings for retailers while enhancing the customer's perception of the store's brand, image, and service.**

**BY MARC CHRQUI AND MELANIE TABET**

*"No thanks. I'm just looking."*

If these words don't make a brick-and-mortar retailer cringe, they should.

Chances are, the customer uttering them has unanswered questions and a need for more information, but feels that asking a salesperson will lead to unwanted sales pitches and biased opinions. Often, they may also be reluctant to share personal information, preferences, and budgets with a stranger. A study conducted by The Wharton School of the University of Pennsylvania concluded that 30% of customers were really bothered by, and would likely not return to, a store where they felt the sales associate was following or pestering them when they preferred to browse the store on their own. However, the same study also found that having access to product information and location increased the frequency of future store visits.<sup>1</sup> Therefore, leaving the customer to navigate the store without guidance could also result in relinquished sales and missed opportunities for building customer loyalty.

In addition to the challenge of satisfying existing in-store customers, the prevalence of online storefronts is presenting other obstacles for brick-and-mortar retailers. Although online buying offers convenience and variety, many still enjoy the tangible practice of walking into a store and actually shopping for merchandise.

However, as customers grow increasingly accustomed to making online purchases, their in-store expectations are changing accordingly. If brick-and-mortar retailers are to successfully compete with their online counterparts, they must offer customers incentives to visit their stores rather than purchase similar items from a Web site. Often short on time and looking to make the most sensible purchase, customers are more likely to shop in stores that optimize their experience-to-value ratio.

So how can a retailer solve the dilemma of providing customers with an interactive, informative in-store shopping experience that will leave them feeling inspired rather than irritated? The answer lies in interactive digital retail kiosks.

## **Today's Kiosk Applications**

Retail kiosks currently make up the largest segment of deployed kiosk applications, with analysts estimating that they comprise at least 30% of the entire self-service kiosk market.<sup>2</sup> Kiosks include such varied functionality as self-service, bridal and gift registry, information lookup, access to additional product options, promotions, account management, way-find directories, employment opportunities, product lookup, company information, Web site access, and digital signage. Their vast capabilities mean they can be found in everything from department and big box stores to grocery and convenience stores, making kiosks a viable option for the majority of retailers.

## **Please Help Yourselves**

The rising popularity of do-it-yourself thinking has spilled over into the way people shop. Easy access to a wealth of information means consumers are much better informed than in the past. They know what their needs are and often prefer to educate themselves on a topic rather than trusting sales personnel to provide them with information.

Today's rampant dependence on computers, the popularity of video games, and reliance on ATMs are only some of the ways that consumers are experiencing interactivity on a daily basis. Although not for everyone, many people have come to expect and even demand a dynamic self-service option that provides them with an alternative to waiting for service to come to them.

Kiosks are the ideal venue for empowering customers to retrieve detailed product information, discover additional services, and access the company's Web site directly from the store. No longer exclusively relying on sales associates for this function reduces the odds of customers receiving inaccurate information, allows for better control over product messaging, and guarantees the consistency of sales presentations throughout the chain.

This feature also eliminates the frustration that customers associate with not being able to find a sales associate when they



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need one. The Wharton study found that not having access to, or being ignored by, a sales associate had a significant impact on customer loyalty. With kiosks equipped to execute many of the functions traditionally performed by sales personnel, the risk of losing customers due to insufficient staffing and uncontrollable factors, such as personnel’s interpersonal skills, sales approach, and presentation styles is greatly reduced.

**I Won’t Have What She’s Having**

Aware of the importance of market segmentation, many retailers struggle to collect accurate customer and demographic data that will allow them to create targeted promotions. Bombarded with countless advertisements on a daily basis, consumers are likely to ignore or even avoid any messages that are not directly linked to their wants and needs. By arming consumers with tools such as kiosks that generate information, interest, and promotions, retailers are combining traditional push strategies with pull strategies. This lets customers create the demand for products through interactivity rather than passively accepting what is offered to them.

While POS software is sometimes equipped with data capture and promotions functionality, customer reluctance to openly share personal details, combined with cashier errors made when entering information, often produces skewed results leading to incomplete and inaccurate customer databases. Furthermore, offering promotions at the register when the customer is ready to pay and eager to leave is a missed opportunity for enticing them to select additional items before they head for the cash. Finally, capturing data at the POS leads to longer queues, which are the single largest drivers of negative word-of-mouth.

Using kiosks for data capture can help enhance the store/customer relationship by allowing customers to provide information on their own terms. By offering exclusive, in-store incentives for using the kiosk, retailers simultaneously reduce the probability of data entry error and encourage repeat store visits. In his bestselling book, entitled *Influence: The Psychology of Persuasion*, Robert B. Cialdini discusses the powerful concept of



Rewarding customers with personalized gifts and promotions obtained through the kiosks results in better data capture for the retailer, a more satisfying shopping experience for the customer, and, ultimately, increased sales and loyalty.

reciprocation. The theory is that human beings feel obligated to repay, in kind, what others provide for them. For example, using a “pick up your gift here” sign to lure customers to a kiosk and presenting them with a personalized offer for using it increases the probability of receiving accurate information from them as well as increasing their allegiance to a store that is rewarding them for shopping there. Discovering that their offer will be redeemed automatically at the POS, they are encouraged to buy more during the current visit instead of receiving the promotion after they are done shopping and only redeeming it upon their next visit. Offering customized and time-limited promotions (for example, valid today only) while the customer is still shopping counteracts any dissonance or hesitation they may be feeling about making the purchase, since there is a powerful enough reason to buy now.

The information captured through digital kiosks helps retailers gain a clearer understanding of purchasing behavior, allowing them to better segment and target their customers. This introduces a new dimension to targeted promotions by granting true value to the overall customer experience. Kiosks provide the ability to instantly customize promotions according to demographics, browsing patterns, and purchase history, making them the perfect portal for supporting such initiatives as personalized loyalty programs. Using a card or login credentials for authentication, customers can create and access their accounts directly from the store, building anticipation as to the type of promotion they will be receiving on this particular visit and giving them a reason to return. Offering bonus loyalty points for feedback on products, service, and the kiosk itself generates incentive for customers to use the kiosk, promotes the loyalty program, and supplies the retailer with additional, valuable data that would otherwise be nearly impossible to gather.

Since new promotions can be evaluated using Web product

catalogue browsing statistics, business intelligence analytics, and data mining, kiosks present a low-risk testing channel, as promotions and campaigns can be altered quickly should they not be producing the desired ROI. Being able to promptly examine responses to marketing campaigns helps quantify and validate promotional initiatives, providing a solid basis for future programs.

## Making More, Spending Less

Other major aspects in the competition between online and brick-and-mortar operations are the high costs and limited hours of operation associated with maintaining a physical store. Overhead and inventory costs associated with brick-and-mortar retailing cut into profit margins and ultimately affect the bottom line. As well, limiting selling time to the hours when the store is open creates constraints for both the retailer and customer. Kiosks help retailers cut down on overhead costs and expand their selling capacity by performing many functions previously conducted by sales associates, lowering the cost of promotions and marketing campaigns, expanding product offerings beyond store confines, and executing HR functions.

With an abundance of information, such as product and pricing information, in-store product lookup and location, transactional capabilities, and so much more now available through the kiosks, retailers can focus on providing more in-depth training for fewer staff members, teaching them how to work in conjunction with the kiosks to add to the overall customer experience. Armed with knowledge of the customer's profile and interaction history, the sales staff is empowered to tailor their approach and suggestions according to customer preferences, leading to a more focused sales process, diminishing the impression that the sales associate is ill-informed or uninterested, and generating higher sales for the retailer.

Although kiosks reduce the amount of personnel required in a store, retailers still need to hire staff. With high turnover rates and inventory shrink linked to low employee retention in the retail sector, recruitment and training remain large expenses for any retailer. Kiosks present the opportunity for on-the-spot collection of job applications from people already interested in the store and familiar with the merchandise. As well, they reduce training costs since customers can obtain most of the information they need straight from the kiosk, transforming it into a sales aid and shifting the sales pressure away from the associate.

Through kiosks, retailers now can offer customers a broader product range while actually reducing the high cost of carrying physical inventory. Customers can easily browse merchandise available beyond the physical restrictions of the store, lowering the risk of the customer leaving to search for the item in another store, cutting the cost of carrying excess inventory, and reducing the need for markdowns due to overstock. As well, kiosks can be located in areas outside the store, making them



Logging into the interactive kiosk using a loyalty card provides customers with access to their accounts, product and browsing history, and personalized promotions while allowing the retailer to track the data.

the ideal channel for offsite or after-hours sales and increasing overall market exposure.

Kiosks also reduce marketing costs and increase returns by presenting the ideal setting for supporting dynamic advertising, cross-selling, and up-selling efforts. Using product details, demographics, and purchase and browsing histories, suggestions can be made for complementary or



Interactive retail kiosks support cross-selling and up-selling efforts. For example, the kiosk may suggest a matching hat and gloves to a customer browsing scarves.

upgraded items. For example, if a customer is browsing a particular coat and their historical data indicates that they have spent more money on coats or browsed more expensive coats in the past, other coats at higher price points may be suggested, along with matching scarves and hats. Also, using community tools and suggestive selling to provide expert and consumer reviews, as well as to notify customers that others with similar browsing and buying patterns have purchased an item, may persuade those who are reluctant to finalize a purchase to follow through with the sale. In addition, the opportunity for digital signage on kiosks optimizes customer exposure to targeted messaging both when they are using the kiosk and when it is unoccupied, providing variety and personalization not possible through conventional static advertising.

With their ability to dispense product information; endorse cross-selling and up-selling; broaden product offerings; decrease overhead, promotional, and inventory expenditures; and facilitate recruitment, kiosks present significant time and cost savings for retailers while enhancing the customer's



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perception of the store's brand, image, and service.

**No Kiosk Is An Island**

Kiosks must be part of a greater network if they are to truly offer a rich experience and facilitate the buying process. Electronic interactive kiosk applications must

be connected to, as well as driven from, all customer-facing channels and touch points, including the POS, Web site, customer service centers, CRM software, and the kiosk itself. This means that any time a customer is identified or authenticated through any combination of loyalty card (barcode or swipe), Web site login, name, phone number, address, or postal code, the data obtained should feed the kiosks to ensure consistency and optimize the level of personalization bestowed upon the customer. Leveraging information from e-commerce, POS, business intelligence, and CRM allows for highly personalized in-store kiosks that fully engage customers and supply them with the perfect blend of in-store tangibility and online convenience.

The success of interactive kiosk applications is dependent upon many factors. Before embarking on a full deployment throughout a retail chain, retailers must determine how kiosks will fit into their overall business models. Not all kiosk features are suitable for every type of business, and determining functionality based on customer needs will aid differentiation and improve competitive advantage.

Educating both staff and customers on the benefits of using kiosks is crucial to deriving maximum return from the deployment. Staff must view the kiosks as useful assistants and be taught how to help customers obtain what they need from them.

Conversely, customers have to be instructed as to what the kiosk offers, why they should be using it, and why they should continue to use it. Without proper endorsement from management all the way through to the customer, long-term success of the kiosk strategy will be hindered.

Making kiosks simple to use and providing value-add that cannot be found online also are essential to increasing customer use. Intuitive touch screen user interfaces lead to a more pleasant encounter and diminish the chances that customers will become as frustrated with the kiosk as they would with an uninformed sales associate. As well, studying how customers shop and placing kiosks in prime locations will elevate the frequency in which they are used.

Finally, retailers must invest in maintaining and improving the kiosks' appearance and functionality. Kiosks that are out-of-order reverse the desired effect on loyalty, angering customers,

and making them more likely to leave the store and buy elsewhere. Additionally, not adapting the kiosks in response to customer feedback or patterns uncovered through data mining or business intelligence tools could result in the retailer being viewed as outdated, actually damaging the store's image instead of enhancing it.

**What The Future Has In Store**

As consumers continue to demand the ability to control and manipulate what they are exposed to and how they are exposed to it, retailers must evolve beyond traditional advertising and promotional and sales methods if they are to not only effectively reach but truly connect with their customers. While not yet ready to abandon in-store shopping in favor of strictly online purchasing, the speed and convenience of e-commerce presents an attractive option for time-starved customers. Interactive retail kiosks combat some of the challenges retailers are facing when trying to compete with online vendors by enhancing the in-store experience through more rapid, dynamic, and rewarding options. Quickly becoming the bridge between online and brick-and-mortar retail, kiosks are the newest channel for those looking to grow their business, and retailers using them to engage customers and offer them an exciting shopping experience will be the ones to retain their loyalty. ■

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